

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 10, 2002 Work Session**

AGENDA ITEM NO.: **3**

CONSENT:

REGULAR: **X**

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Solid Waste Management Residential Services Proposal**

RECOMMENDATION:

Provide direction to City staff regarding Solid Waste management issues; possible implementation of changes to Solid Waste services, fees and payment methods.

SUMMARY:

On April 9, 2002, representatives from Reed, Stowe and Yanke presented the Solid Waste Rate Analysis to City Council. The Solid Waste Management Fund is currently in a declining financial position; the debt coverage and Fund balance ratios continue to drop and are projected to fall below key financial targets during the next few years without rate adjustments. The rate study suggested establishing a monthly residential rate that would fully recover revenues necessary to cover all residential costs.

A number of policy issues need to be considered by City Council. These issues include:

- ? What Solid Waste Management services and service levels are desirable?
- ? Should City staff proceed to design and implement semi-automated refuse collection?
- ? Should the rates be any different for low income, disadvantaged, elderly on tax relief and residents of the Tyreeanna/ Pleasant Valley neighborhood?
- ? What is the desired timeline / schedule for planning and implementation?

Three citizen meetings were held in September with approximately 200 citizens attending and offering comments, ideas and suggestions. A report that categorized the citizen comments into various areas was presented to Council.

PRIOR ACTION(S):

May 28, 2002 – City Council approved user rates for tires, commercial, industrial and sludge and landfill tipping fee rates. City Council directed staff to bring back additional information regarding funding and payment options.

June 25, 2002 – City Council reviewed solid waste services and payment methods and directed staff to hold citizen meetings and discuss these issues and bring back their feedback and input.

October 29, 2002 – City Council reviewed citizen feedback and input regarding solid waste services and payment methods. Council also discussed the current services and possible changes, as well as funding options. Council asked staff to bring back information regarding options as specified with agreed upon assumptions.

FISCAL IMPACT: Undetermined at this time.

CONTACT(S):

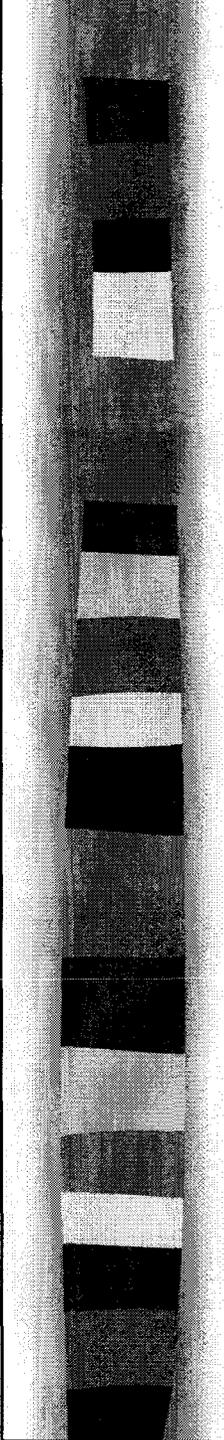
Dave Owen (847-1806 ext. 22)

Bruce McNabb (847-1362 ext. 268)

ATTACHMENT(S):

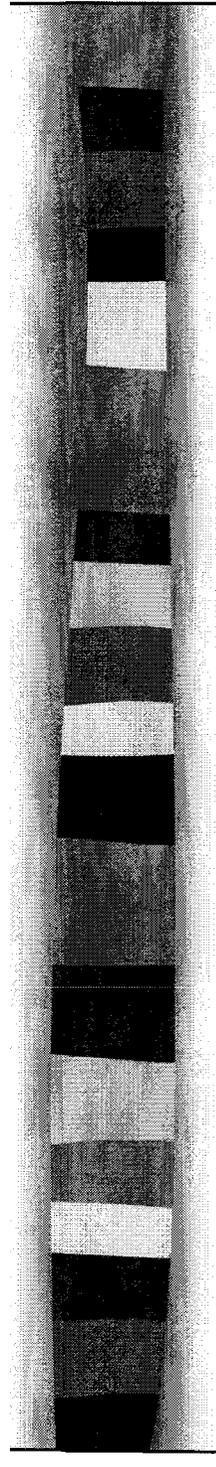
Solid Waste Residential Service Proposals: Summaries and details
Background Information on Residential Discounts and Monthly Trip to Landfill
List of Secondary Issues
Revised Solid Waste Planning Timeline

REVIEWED BY:



Solid Waste Management Report

December 10, 2002



Manual Trash Collection

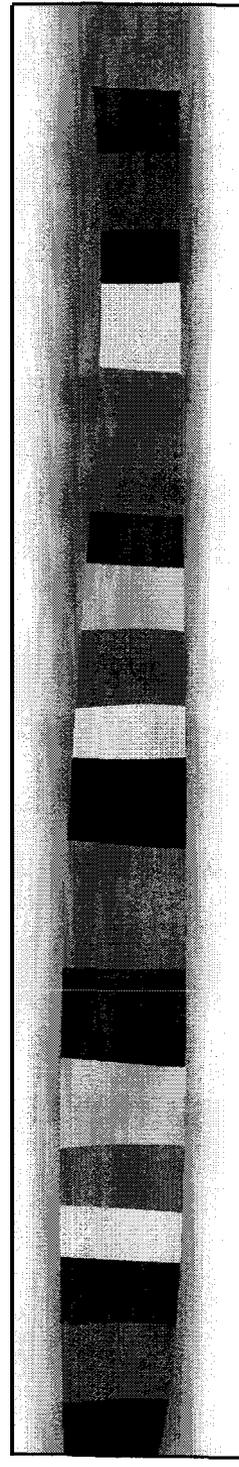
Trash collected in bags or cans by hand.

ADVANTAGES:

- No change in current system; slightly less costly

~~✍~~ **DISADVANTAGES:**

- increased accidents; high employee turnover and liability; undesirable working conditions; additional trash on streets if bags are permitted



Semi-Automated Trash Collection

*Trash collected ~~w/~~**mechanical** arm,
assisted by manual placement of trash
cans.*

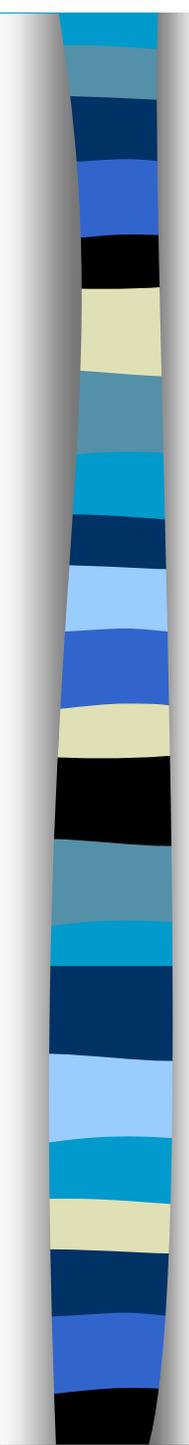
Advantages: heavy lifting eliminated, uniform trash cans, less injuries, more stable workforce, modern technology, projected lower insurance cost, citizens can control cost if using variable sized containers

Disadvantages: Change in disposal method, more costly than manual, does not encourage recycling if variable cans sizes unavailable

Recommendations

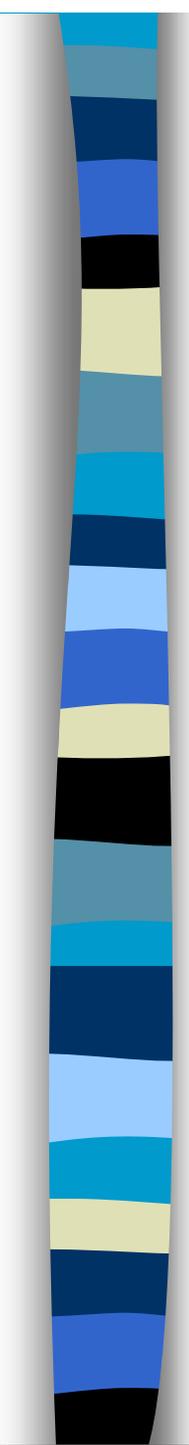
■ Staff Recommendation

- Implement semi-automated trash collection
 - Benefits exceed costs
 - Reduced Workers Compensation Insurance cost
- Council Decision:



Solid Waste Management Report

December 10, 2002



Manual Trash Collection

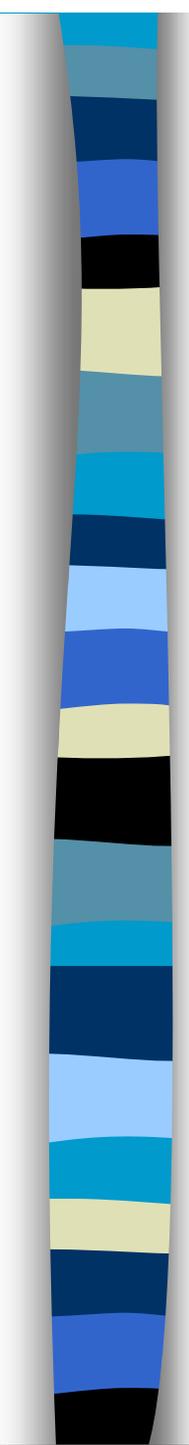
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■ DISADVANTAGES:

- Increased accidents; high employee turnover and liability; undesirable working conditions; additional trash on streets if bags are permitted

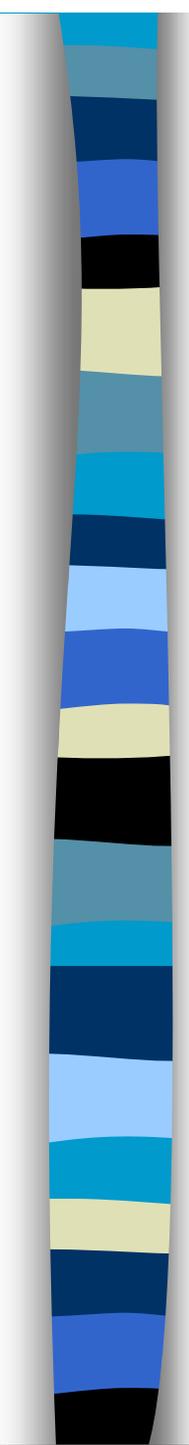


Semi-Automated Trash Collection

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assisted by manual placement of trash
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Advantages: heavy lifting eliminated, uniform trash cans, less injuries, more stable workforce, modern technology, projected lower insurance cost, citizens can control cost if using variable sized containers

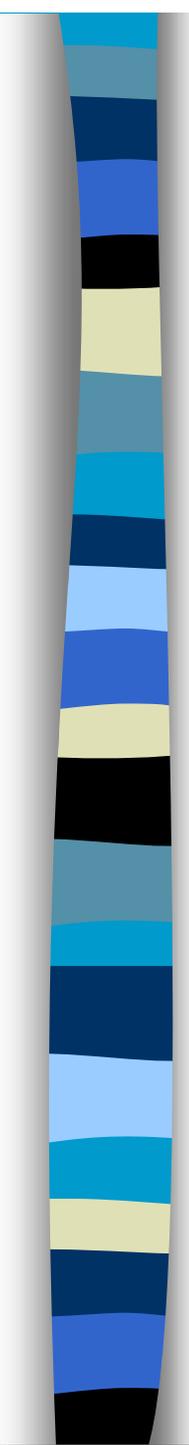
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Recommendations

■ Staff Recommendation

- Implement semi-automated trash collection
 - Benefits exceed costs
 - Reduced Workers Compensation Insurance cost
- Council Decision:



Residential Discounts

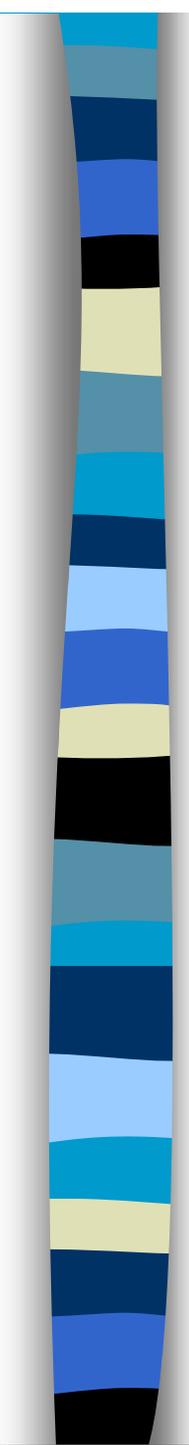
Should discounted rates be continued for the following? If so, how should they be funded?

■ Background

- Currently, free tags or decals are issued to the following:
 - » Low Income/Disadvantaged (Approved 1993) food stamp recipients
 - » Elderly on Tax Relief (Approved 1997)
 - » Pleasant Valley/Tyreeanna Neighborhood Residents (Approved 2000) - To continue until Odor Control Facility was completed

Residential Discounts Structure (FY03)

Recipients	Number of Households	“Cost” (Unrealized Revenue)	Funding Source
Low Income/ Disadvantaged	1470	\$58,800	Tags/Decals
Elderly on Tax Relief	911	\$36,440	SW Fund Balance
Pleasant Valley/ Tyreeanna	181	\$7,240	SW Fund Balance
Totals	2562	\$102,480	



Residential Discount

- **Advantages**

- Assist those in financial need
- Assist those in close proximity to the landfill that have been adversely affected by City operations

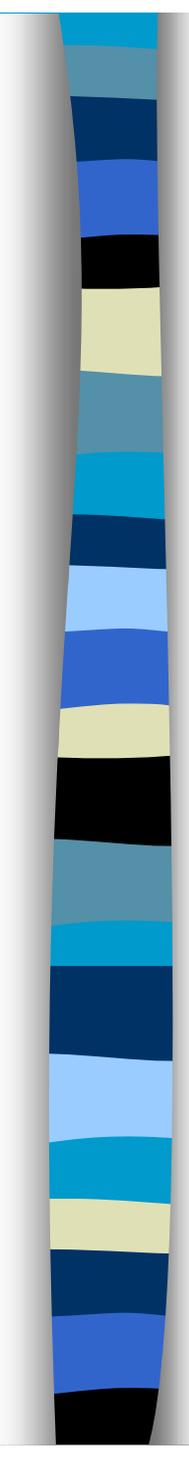
- **Disadvantages**

- Loss of revenue unless subsidized from General Fund

- **Staff Recommendation**

None at this time

- **Council Decision:**



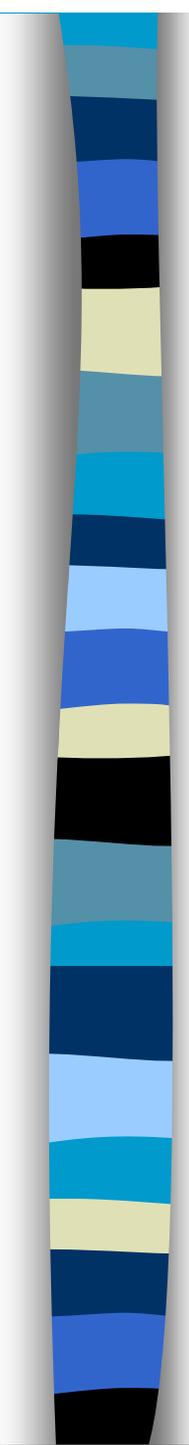
Monthly Trip To Landfill

■ Background

- Currently, residents are allowed one free trip per month with up to 1,000 lbs. of refuse
- Staff has concerns of Neighborhood “Commercial” Haulers
- No disposal revenue is being realized

■ Options

1. Continue with one free trip per month with up to 1,000 lbs. of refuse per household (current)
2. Continue service with reduced monthly tonnage (maximum - 250 lbs.)
3. Discontinue free monthly trips
4. Eliminate free monthly trips with the exception of Bulk and Brush and charge rate of \$48 per ton for all loads that include household trash



Monthly Trip To Landfill

■ Staff Recommendation

4 - Eliminate free monthly trips with the exception of Bulk and Brush and charge rate of \$48 per ton for all loads that include household trash

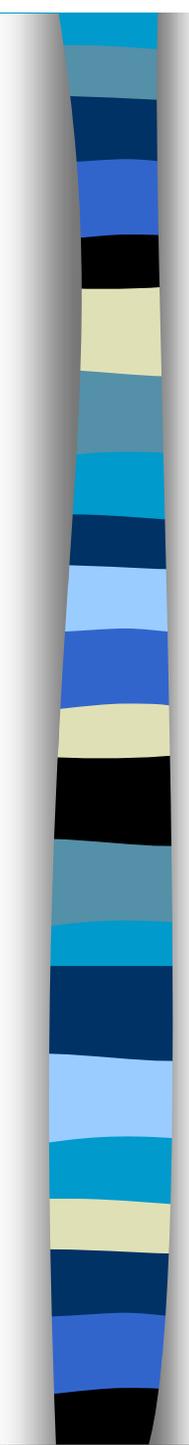
- Advantages

- Everyone pays for disposal of household trash
- Reduce neighborhood commercial hauler incentive
- Reduce the amount of Bulk and Brush for collection by city crews

- Disadvantages

- Eliminates the free monthly trips to landfill for trash
- Possible hiding trash under Bulk or Brush loads

■ Council Decision:



List of Secondary Issues

- Recycling Program Study - City staff will perform a comprehensive study of the current recycling program.
 - This study will include a review of materials, locations and markets

- Operation-Plant-A-Tree (OPAT)
 - The revenue from the sale of recyclables is currently dedicated to the reforestation of the City's street right-of-ways. Should these funds be used for this purpose in the future?

- Too Good To Waste Program
 - Suggested by several citizens at the Public Meetings as a means to reduce the amount of waste that is currently landfilled. Should this suggestion be explored by City staff?

**Summary of Solid Waste
Options and Cost per Tag/Decal**

Collection Method / Proposals	Revenue Needed	Tags	Decals	Projected Revenue
Current Sales	\$ 923,472	615,790	4,825	\$778,000
% of Total Revenue		75.2%	24.8%	
Current Prices		\$0.95	\$40.00	
1. Manual	\$1,527,865	\$2.04	\$85.89	\$1,532,727
% increase over current		215%	215%	197%
2. Semi-Automated (includes cart and truck depreciation)	\$1,803,865	\$2.40	\$101.20	\$1,803,946
% increase over current		253%	253%	232%
3. Semi-Automated (does not include any depreciation)	\$1,629,865	\$2.17	\$91.60	\$1,631,542
% increase over current		228%	228%	210%

Assumptions:

- a. Each proposal reflects the elimination of City Collection from multi-family units (five or more units, total of 1300 units). Assumes 1 tag per week per each unit. Therefore, revised estimate of total tags to be sold is 548,190.**
- b. No additional tags / decal sales or other revenue for residents currently using free monthly drop-off at landfill.**
- c. No additional tags / decal sales or other revenue for residents currently receiving free tags or decals**
- d. Proportion of tags / decals sold remains constant**

11/25/02

**Solid Waste Management
Summary of Residential Service Proposals
December 10, 2002**

Proposal #1 –Manual Collection

Continue General Fund and VDOT Subsidies

Elimination of City Collection from Multi-Family units of five or more

Proposal #2 –Semi-Automated Collection

Continue General Fund and VDOT Subsidies

Elimination of City Collection from Multi-Family units of five or more

Includes full depreciation charges of carts and trucks

Proposal #3 –Semi-Automated Collection

Continue General Fund and VDOT Subsidies

Elimination of City Collection from Multi-Family units of five or more

Excludes depreciation charges of carts and trucks

Proposal One
Solid Waste Management – Manual Collection
Current General Fund and VDOT Subsidies
Elimination of City Collection from Multi-Family units of five or more

Services

- A. Collection Method: Manual
- B. Collection from Non-Single Family Units: Provide collection for complexes up to four units
- C. Monthly Trip to Landfill: One free trip up to 1,000 lbs. per household
- D. Collection of Bulk/Brush: On-call, unlimited collections per household
- E. Household Hazardous Waste: Four times per year, no fee to residents
- F. Recycling: Nine drop-off centers located throughout the City

Assumptions

1. Collection is manual but multi-family complexes with five or more units are not collected by the City
2. General Fund and VDOT Subsidies continue as is (\$1,092,185) – users pay remaining cost of residential services (\$1,527,865)
3. Tags are used on 32-gallon containers – assume same number as sold in FY 02 minus 1300 multi-family units with five more units. This is based on eliminating one tag per week per multi-family household.
4. Annual decals are used on 32 gallon cans – assume same number as sold in FY 02
5. The costs of tags and decals have been slightly adjusted to reflect the same percentage increase.
6. Cost of service reflects a 2% increase for FY 04

Proposal Two
Solid Waste Management – Semi-Automated
Continue General Fund and VDOT Subsidies
Elimination of City Collection from Multi-Family units of five or more
Includes depreciation cost of carts and trucks

Services

- A. Collection Method: Semi-Automated
- B. Collection from Non-Single Family Units: Provide collection for complexes up to four units
- C. Monthly Trip to Landfill: One free trip up to 1,000 lbs. per household
- D. Collection of Bulk/Brush: On-call, unlimited collections per household
- E. Household Hazardous Waste: Four times per year, no fee to residents
- F. Recycling: Nine drop-off centers located throughout the City

Assumptions

1. Collection changes to semi-automated but multi-family complexes with five or more units are not collected by the City
2. General Fund and VDOT Subsidies continue as is (\$1,092,185) – users pay remaining cost of residential services (\$1,803,865)
3. Tags are used on 32-gallon containers – assume same number as sold in FY 02 minus 1300 multi-family units with five more units. This is based on eliminating one tag per week per multi-family household.
4. Annual decals are used on 32 gallon cans – assume same number as sold in FY 02
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Proposal Three
Solid Waste Management – Semi-Automated
Continue General Fund and VDOT Subsidies
Elimination of City Collection from Multi-Family units of five or more
Excludes depreciation cost of carts and trucks

Services

- A. Collection Method: Semi-Automated
- B. Collection from Non-Single Family Units: Provide collection for complexes up to four units
- C. Monthly Trip to Landfill: One free trip up to 1,000 lbs. per household
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Assumptions

1. Collection changes to semi-automated but multi-family complexes with five or more units are not collected by the City
2. General Fund and VDOT Subsidies continue as is (\$1,092,185) – users pay remaining cost of residential services (\$1,629,865)
3. Tags are used on 32-gallon containers – assume same number as sold in FY 02 minus 1300 multi-family units with five more units. This is based on eliminating one tag per week per multi-family household.
4. Annual decals are used on 32 gallon cans – assume same number as sold in FY 02
5. The costs of tags and decals have been slightly adjusted to reflect the same percentage increase.
6. Cost of service reflects a 2% increase for FY 04

Proposal One
Solid Waste Management - Manual Collection
Continue General Fund and VDOT Subsidies
Elimination of City Collection from Multi-family units of five or more

Service Categories	Cost of Service*	Funding	Funding Source	
Refuse Collection	\$1,068,390	\$732,529	General Fund	69%
Litter & Debris	\$178,038	\$168,617	General Fund	95%
Brush	\$279,777	\$191,039	VDOT Highway Maint.	68%
Bulk/White Goods	\$160,479			
Household Hazardous Waste	\$33,993			
Recycling	\$333,831			
Disposal of Residential Waste**	\$565,543			
Total	\$2,620,050	\$901,146	GF Transfers	34%
		\$191,039	VDOT Highway Maint.	7%
		\$1,527,865	Tags/Decals	58%

* Cost of service reflects a 2% increase for FY 04

**Disposal cost reflects a 7% reduction due to the elimination of 1300 units to private collection

Proposal Two
Solid Waste Management - Semi-Automated Collection
Continue General Fund and VDOT Subsidies
Elimination of City Collection from Multi-family units of five or more
Includes full depreciation of carts and trucks

Service Categories	Cost of Service*	Funding	Funding Source	
Refuse Collection	\$1,170,390	\$732,529	General Fund	54%
Depreciation for Carts	\$90,000			
Depreciation for Trucks (3)	\$84,000			
Litter & Debris	\$178,038	\$168,617	General Fund	95%
Brush	\$279,777	\$191,039	VDOT Highway Maint.	68%
Bulk/White Goods	\$160,479			
Household Hazardous Waste	\$33,993			
Recycling	\$333,831			
Disposal of Residential Waste**	\$565,543			
			Tags/Decals	
Total	\$2,896,050	\$901,146	GF Transfers	31%
		\$191,039	VDOT Highway Maint.	7%
		\$1,803,865	Tags/Decals	62%

* Cost of service reflects a 2% increase for FY 04

**Disposal cost reflects a 7% reduction due to the elimination of 1300 units to private collection

Proposal Two
 Solid Waste Mangement - Semi-Automated Collection
 Continue General Fund and VDOT Subsidies
 Elimination of City Collection from Multi-family units of five or more
 Includes full depreciation of carts and trucks

Residential Funding Option	Citizen Cost	Citizen Cost with discounts	Discount	Disadvantaged (1470)	Elderly on Tax Relief (911)	Pleasant Valley Tyreanna Neighborhoods (181)	Projected Revenue
Tags (548,190)*	\$2.40	NA		NA	NA	NA	\$ 1,315,656
Annual Decal (4,825)**	\$101.20	\$101.20	100%	Free	Free	Free	\$ 488,290
		\$82.52	100%	Free	82.52	82.52	
		\$75.40	100%	75.40	Free	75.40	
		\$67.76	100%	67.76	67.76	Free	
		\$66.10	100%	66.10	66.10	66.10	
Total							\$ 1,803,946

*Represents the total number of tags sold during FY 02 less the 1300 units (multi-family) at 1 tag per week

** Represents the number of decals sold during FY 02

Proposal Three
Solid Waste Management - Semi-Automated Collection
Continue General Fund and VDOT Subsidies
Elimination of City Collection from Multi-family units of five or more
Excludes depreciation of carts and trucks

Service Categories	Cost of Service*	Funding	Funding Source	
Refuse Collection	\$1,170,390	\$732,529	General Fund	63%
Litter & Debris	\$178,038	\$168,617	General Fund	95%
Brush	\$279,777	\$191,039	VDOT Highway Maint.	68%
Bulk/White Goods	\$160,479			
Household Hazardous Waste	\$33,993			
Recycling	\$333,831			
Disposal of Residential Waste**	\$565,543			
			Tags/Decals	
Total	\$2,722,050	\$901,146	GF Transfers	33%
		\$191,039	VDOT Highway Maint.	7%
		\$1,629,865	Tags/Decals	60%

* Cost of service reflects a 2% increase for FY 04

**Disposal cost reflects a 7% reduction due to the elimination of 1300 units to private collection

Proposal Three
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 Continue General Fund and VDOT Subsidies
 Elimination of City Collection from Multi-family units of five or more
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Residential Funding Option	Citizen Cost	Citizen Cost with discounts	Discount	Disadvantaged (1470)	Elderly on Tax Relief (911)	Pleasant Valley Tyreanna Neighborhoods (181)	Projected Revenue
Tags (548,190)*	\$2.17	NA		NA	NA	NA	\$ 1,189,572
Annual	\$91.60	\$91.60	100%	Free	Free	Free	\$ 441,970
Decal (4,825)**		\$74.69	100%	Free	74.69	74.69	
		\$68.25	100%	68.25	Free	68.25	
		\$61.33	100%	61.33	61.33	Free	
		\$59.83	100%	59.83	59.83	59.83	
Total							\$ 1,631,542

*Represents the total number of tags sold during FY 02 less the 1300 units (multi-family) at 1 tag per week

** Represents the number of decals sold during FY 02